

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 813 - HB 923

February 26, 2017

SUMMARY OF BILL: Establishes “Lara’s Law” for the purpose of prohibiting a motor vehicle dealer from offering for sale any new or used motor vehicle until the dealer has obtained a recall database report for such vehicle. If a recall database report obtained by a dealer indicates that a motor vehicle is subject to a manufacturer’s safety recall that has not been repaired, the dealer is prohibited from selling such vehicle until the recall repair has been performed. Dealers are required to update the recall database report at the time of delivery of the motor vehicle to the consumer. If any of the following applies, a dealer is deemed to have knowledge of a safety recall: a recall database report indicates that a used motor vehicle is subject to a stop-sale-stop-drive recall; the dealer receives a notification of the manufacturer’s safety recall pursuant to 49 U.S.C. § 30118 or 49 U.S.C. § 30119; the dealer is a franchisee of the manufacturer, or was a franchisee of the manufacturer at the time the manufacturer issued the recall, and had access to safety recall information provided by such manufacturer to its franchisees; prior to the sale or lease at retail of the motor vehicle, the manufacturer had information about the safety recall regarding the specific vehicle available on the manufacturer’s website, searchable by the vehicle’s identification number (VIN); or the dealer otherwise has actual knowledge of the safety recall.

Establishes that if a franchisee of a motor vehicle dealer acquires a motor vehicle subject to a safety recall and the franchisee’s manufacturer has not yet developed a remedy to correct the defect or made the appropriate replacement parts available to the dealer to remedy such defect, then the manufacturer is required to reimburse the dealer at least one percent per month of the wholesale value of the vehicle for each month the vehicle remains in the dealer’s inventory until the remedy or parts are provided by the manufacturer.

Compliance with “Lara’s Law” may not be waived by the consumer. Any violation of “Lara’s Law” constitutes an unfair or deceptive act or practice affecting trade or commerce and shall be subject to the penalties and remedies as provided in the *Consumer Protection Act of 1977*. Establishes that Lara’s Law does not apply to any wholesale transfer of a motor vehicle.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

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Assumptions:

- According to the Department of Commerce and Insurance, this legislation will likely result in additional consumer complaints submitted to the Division of Consumer Affairs and subsequently, the investigatory duties of the Division; however, any additional responsibilities can be accommodated utilizing existing staff during regular work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb